

Message Text

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14

ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01 CIAE-00

CIEP-02 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-15

SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-10 PA-02

PRS-01 FRB-01 XMB-04 OPIC-06 LAB-04 SIL-01 /136 W

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R 070939Z JUL 76

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 7741

INFO USMISSION EC BRUSSELS

AMEMBASSY MADRID

AMEMBASSY LONDON

AMCONSUL OPORTO

AMEMBASSY PARIS

USMISSION OECD PARIS

AMCONSUL PONTA DELGADA

USMISSION NATO

UNCLAS LISBON 4542

E.O. 11652: N/A

TAGS: ECON, ENRG, EIND, PO

SUBJ: INDUSTRY REACTS STRONGLY TO ELECTRICITY CUTS

REF: LISBON 4496

1. FIRST SCHEDULED DAILY POWER INTERRUPTIONS (REFTEL) WERE IMPOSED JULY 5. NOT EVERYTHING WENT ACCORDING TO PLAN. FOR EXAMPLE, ELECTRICITY CUT CAUSED CHAOS ON OVERBURDENED AND ANTIQUATED SINTRA RAILWAY. POWER WAS MAINTAINED TO OVERHEAD TRACTION POWER LINES, BECAUSE RAILWAY IS CONSIDERED AN ESSENTIAL SERVICE. HOWEVER, TRACK SIGNALS OPERATE FROM REGULAR POWER, WHICH WAS CUT. AS RESULT, TRAINS WERE STOPPED AND THOUSANDS OF PASSENGERS STRANDED. ALTHOUGH POWER

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WAS RESTORED AT 5 PM, NORMAL TRAFFIC RESUMED ONLY AFTER

7:30 PM.

2. POWER INTERRUPTIONS HAVE DRAWN STRONG CRITICISM FROM COMPANIES AND INDUSTRIAL ASSOCIATIONS, WHICH GENERALLY DEPLORED ABSENCE OF PRIOR CONSULTATION, SHORT ADVANCE NOTICE, AND LACK OF CONSIDERATION FOR INDUSTRIAL PRODUCTION. IN ADDITION:

PRESIDENT OF PORTUGUESE INDUSTRIAL CONFEDERATION (CIP) NOTED "UNSUITABILITY" OF MEASURE AT A TIME THAT PORTUGAL IS ATTEMPTING TO REVIVE ITS ECONOMY. IN CABLE SENT TO MINISTER OF INDUSTRY, CIP INDICATED THAT IT IS PREPARED TO COOPERATE IN SEEKING SOLUTIONS TO ELECTRICITY CRISIS;

-ASSOCIATION OF ELECTRONIC AND ELECTRIC MANUFACTURERS CLAIMED POWER CUTS ARE COSTING ITS MEMBERS \$160,000 PER HOUR, INCLUDING MORE THAN \$65,000 IN EXPORTS;

-METALLURGICAL AND MACHINERY ASSOCIATION NOTED THAT ITS MEMBERS' PRODUCTION IS HAMPERED BY FACT THAT CHEMICAL BATHS REQUIRE AT LEAST AN HOUR FOR REHEATING AFTER POWER INTERRUPTIONS; AND

-MANAGER OF U.S. PHARMACEUTICAL FIRM TOLD US THAT ELECTRICITY CUT NEGATES STERILE AREA AND CAUSES LOSS OF DAY'S PRODUCTION. OTHER U.S. ELECTRONIC AND PHARMACEUTICAL FIRMS ALSO HAVE COMPLAINED.

3. INDUSTRY IS ATTEMPTING TO COMPENSATE FOR POWER INTERRUPTIONS. METALLURGICAL ASSOCIATION HAS SUGGESTED ITS MEMBERS SEEK WORKER AGREEMENT FOR ADJUSTED WORKING HOURS. SOME FIRMS HAVE ALREADY ASKED THEIR WORKERS TO START WORK EARLIER, BUT THUS FAR HAVE RECEIVED LITTLE RESPONSE. IN ADDITION, REPRESENTATIVES OF APPROXIMATELY 20 BIG INDUSTRIES LOCATED SOUTH OF TAGUS RIVER MET WITH ELECTRICITY COMPANY OFFICIALS AND REPORTEDLY ARRIVED AT COMPROMISE SOLUTIONS. ON OTHER HAND, LABOR CONFEDERATION INTERSINDICAL CONDEMNED ALLEGED ATTEMPTS BY SOME COMPANIES TO REFUSE SALARIES FOR HOURS LOST DUE TO POWER CUTS.

4. COMMENT: SITUATION ON SINTRA RAILWAY LINE ILLUSTRATES LACK OF PLANNING AND COORDINATION BEHIND HASTY DECISION
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TO INSTITUTE POWER CUTS. GOP WILL HAVE TO APPLY SUCH CUTS WITH GREATER FLEXIBILITY IF IT IS TO AVOID SERIOUSLY DAMAGING THE NATION'S HOPES FOR ECONOMIC RECOVERY.
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